

A bill for an act
relating to insurance; establishing a small group market working group; requiring
a report.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **SMALL GROUP MARKET WORKING GROUP.**

Subdivision 1. Establishment. (a) The commissioner of commerce shall convene a
working group to study and report on the options available to increase rate predictability
and stability for groups of more than 50 employees. Members of the working group
shall include:

(1) four representatives from the Minnesota Council of Health Plans;

(2) two representatives from the Minnesota Association of Health Underwriters;

(3) two representatives from the Insurance Federation of Minnesota;

(4) a representative from the Minnesota Chamber of Commerce;

(5) a representative from the National Federation of Independent
Businesses-Minnesota;

(6) a representative from employers whose businesses employ fewer than 100
full-time employees; and

(7) a representative from employees of companies that employ fewer than 100
full-time employees.

(b) The organizations listed in paragraph (a), clauses (1) through (5), must name
their representatives to the commissioner of commerce no later than July 1, 2010. The
commissioner of commerce must appoint individuals as listed in paragraph (a), clauses
(6) and (7), no later than July 15, 2010.

Subd. 2. **Duties; report.** (a) The working group shall conduct a study analyzing the implications of modifications to the existing small employer market as well as to groups of more than 50 employees. Topics to be addressed in the study include, but are not limited to:

(1) implications of creating group rating regulation for firms with 51 to 100 employees, separate from small group rating regulation;

(2) adverse selection issues and the effects of a significant risk of outliers on different group sizes;

(3) administrative costs for employers, brokers, and health plans;

(4) restrictions on product flexibility;

(5) migration of employers from the fully insured market to the self-insured market;

(6) implications on revenue derived from premium taxes, Minnesota Comprehensive Health Association surcharge, and Medicaid surcharge;

(7) implications of a change in the existing small group size on the large group market;

(8) limitations on underwriting and rating requirements, and limitations on renewal, enrollment methodologies, and processes; and

(9) implications of federal health care reform.

(b) By February 1, 2011, the commissioner of commerce shall submit a report on the findings of the working group, including proposed legislation, if any, to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over insurance.

Subd. 3. **Administration.** (a) The commissioner of commerce or the commissioner's designee shall convene the first meeting of the working group no later than August 1, 2010.

(b) The commissioner shall provide assistance with research or background information for the working group within the existing agency budget.

(c) The working group expires June 30, 2011, or upon submission of the report required under subdivision 2, whichever is earlier.